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## **CITY OF RYE FINANCE COMMITTEE MEMORANDUM**

Date: April 22, 2005  
To: Finance Committee  
From: Michael A. Genito, City Comptroller  
Re: Suggested Language – Proposed Real Estate Transfer Tax Legislation

The following is offered in response to the Finance Committee's request for some suggested language that could be used in the proposed legislation for a real estate transfer tax concerning the deposit and use of the funds:

Imposition of tax. Notwithstanding any other provisions of law to the contrary, the City of Rye, acting through its city council, is hereby authorized and empowered to adopt and amend local laws imposing in such City a tax on each conveyance of real property or interest therein when the consideration exceeds five hundred dollars, at the rate of fifty cents for each five hundred dollars or fractional part thereof. Such local law shall apply to any conveyance occurring on or after the first day of a month to be designated by such city council, which is not less than sixty days after the enactment of such local laws, but shall not apply to conveyances made on or after such date pursuant to binding written contracts entered into prior to such date, provided that the date of execution of such contract is confirmed by independent evidence such as the recording of the contract, payment of a deposit or other facts and circumstances as determined by the comptroller.

Deposit and disposition of revenue. All taxes collected or received by the comptroller or his or her duly authorized agent under the provisions of the local law enacted pursuant to this article shall be deposited in accordance with provisions of a local law adopted by the city council of the City of Rye which local law shall designate proper officers to be responsible for deposit of revenue collected or received under this article. Such local law shall also provide that any officer designated to collect, receive, or deposit such revenue shall maintain a system of accounts showing the revenue collected or received from the tax imposed pursuant to this article. Such local law shall also provide that all revenue derived from the imposition of such tax shall be deposited into a fund of the City of Rye and shall only be appropriated by the city council of the City of Rye to fund capital assets and improvements having a period of probable usefulness of at least twenty years pursuant to section 11 of the Local Finance Law.

The first paragraph above sets the same rate as found in similar existing legislation (Articles 31 of Tax Law). The second paragraph establishes that the use of funds would be limited to major capital assets and improvements specifically addressed in the Local Finance Law such as land, major building projects, and infrastructure (streets, sewers, drains, bridges, etc.).

Respectfully submitted,

- Michael